

KENTUCKY REAL ESTATE APPRAISERS BOARD

TYPE OF MEETING

Regular Meeting

DATE AND LOCATION

December 17, 2010 – 9:00 a.m. – KREAB Office

PRESIDING OFFICER

Dorsey Hall, Chair

ROLL CALL

Present:

Dorsey Hall, Chair
Sam E. Blackburn, Vice Chair
G. Herbert Pritchett, Board Member
Harold Brantley, Board Member
Kathy Mayfield, Board Member

Present Also:

Larry Disney, Executive Director
Angie Thomas, Staff Assistant
James Grawe, Board Counsel
Ravon Radmard, Executive Secretary
Dennis Badger, Investigator

Chair, Dorsey Hall opened the meeting.

Motion by Harold Brantley, second by Sam Blackburn and the Board unanimously approved the October 22, 2010 minutes.

EDUCATION

Motion by Herbert Pritchett, second by Harold Brantley and the Board unanimously agreed to approve the following education courses for fiscal year 2010-2011:

A. McKissock, LP

- (1) Environmental Contamination of Income Properties – 5 hours of virtual continuing education
- (2) Expert Witness for Commercial Appraisers – Subject Matter Electives – 15 hours of virtual QE/CE education
- (3) Commercial Appraisal Review – Subject Matter Electives – 15 hours of virtual QE/CE education.
- (4) General Appraiser Sales Comparison Approach – 30 hours of virtual QE/CE education
- (5) General Appraiser Report Writing and Case Studies – 30 hours of virtual QE/CE education

B. American Society of Farm Managers and Rural Appraisers

- (1) Cost Estimating – 8 hours of CE classroom education
- (2) Basic Appraisal Procedures – 30 hours QE and 28 hours CE classroom education
- (3) Cost Approach for General Appraisers – 30 hours QE and 27 hours CE classroom education
- (4) Income Approach for General Appraisers, Part 1 – 30 hours QE and 27 hours CE classroom education
- (5) Appraisal Review Under Uniform Appraisal Standards for Federal Land Acquisition – 16 hours CE classroom education
- (6) Advanced Appraisal Review Case Studies – 16 hours CE classroom education
- (7) Advanced Rural Case Studies – 36 hours CE classroom education
- (8) Requirements of UASFLA – The “Yellow Book” – 24/22 hours CE classroom education
- (9) Valuation of Conservation Easements and Other Partial Interests in Real Estate – 22 hours CE classroom education
- (10) Understanding Conservation Easement Valuation – 7 hours CE classroom Education

C. Career WebSchool dba of Cengage Learning, Inc.

- (1) General Report Writing and Case Studies – 30 hours online QE education

D. Dennis Badger & Associates

- (1) ANSI #Z765 – Square Footage – Method of Calculating – 3 hours of classroom CE

E. ICAN/Larry McMillen

- (1) How to Respond To a State Appraisal Board Audit – 7 hours of classroom CE

- F. Education submitted by individuals that was reviewed and approved by Larry Disney
- (1) A Pass Weikel – Real Estate Principles – Approved 14 hours of CE
 - (2) Alltera – Valuation 2010 – 14 hours

EXPERIENCE REVIEW

Motion by Harold Brantley, second by Herbert Pritchett and the Board voted to approve a total of two (2) individuals for certification/licensure.

- (1) Amanda Helfrich – Approve for Certified General
- (2) Troy M. Bramblett – Approve for Certified Residential

CERTIFICATION/LICENSURE

Motion by Sam Blackburn, second by Kathy Mayfield and the Board voted to approve a total of twelve (12) individuals for certification/licensure.

- (1) Christopher A. Baker –Certified General (Alabama)
- (2) William P. Box – Associate
- (3) Troy M. Bramblett – Certified Residential
- (4) Lowry W. Brown – Associate
- (5) Lisa A. Davis – Associate
- (6) Thomas “Truitt” Donnelly – Associate
- (7) Amanda Helfrich – Certified General
- (8) Clarke H. Lewis – Certified General (New York)
- (9) Shelley R. Morrison – Associate
- (10) Steven Pejza – Certified General (Georgia)
- (11) Larry W. Stark – Certified General (Colorado)
- (12) Todd A. Willhite - Associate

COMPLAINT

- A. Case Summary Flow Chart – Herbert Pritchett commended the staff on keeping cases on track. All cases are on track to complete within six months.
- B. The Board was advised there have been a total of 62 cases filed for 2010.
- C. Cases that have been appealed.

- (1) Matt Miniard – Final Order 6/24/09
Appeal filed on 7/29/09 – James Grawe advised the Board information has been filed and is in the hands of the Judge in Franklin Circuit Court.
- (2) David Harrington – Final Order 2/18/10
Appeal filed on 3/25/10
- (3) Lynn Prichard – 3/2008
Appeal filed on 12/2008 – James Grawe advised the Board he will be working on this case.

D. Cases

- (1) Case No. 10-26 – Motion by Sam Blackburn, second by Herbert Pritchett and the Board voted unanimously to file a formal complaint and set for a hearing.
- (2) Case No. 10-21 – Motion by Sam Blackburn, second by Harold Brantley and the Board voted unanimously to dismiss with a letter of caution.
- (3) Case No. 10-27 – Motion by Harold Brantley, second by Herbert Pritchett and the Board voted unanimously to file a formal complaint and set for a hearing.
- (4) Case No. 10-28 – Motion by Herbert Pritchett, second by Harold Brantley and the Board voted unanimously to file a formal complaint and set for a hearing.
- (5) Case No. 10-29 – Motion by Herbert Pritchett, second by Harold Brantley and the Board voted unanimously to dismiss the case.
- (6) Case No. 10-23 – Motion by Harold Brantley, second by Kathy Mayfield and the Board voted unanimously to dismiss the case.

E. Agreed Orders

- (1) Case No. 10-17 – Calen Studler – Motion by Sam Blackburn, second by Herbert Pritchett and the Board voted unanimously to accept the agreed order whereby:
 - (a) Studler shall complete a 7 hour Report Writing Fannie Mae Forms course. Said 7 hours of education shall be in addition to the regular continuing education requirement of 201 KAR 30:050 Section 7. The course work required herein shall be completed by June 30, 2011.
 - (b) Studler agrees to submit a log every six months for a period of 2 years from the date of the agreed order and the Board may review assignments from the log, if requested to do so.
 - (c) Studler agrees that the Board shall not renew his certification for the 2011 renewal cycle July 1, 2011 until he has completed the requirements of the terms set out in paragraph (a) and (b) of this order.
- (2) Case No. 10-24 – Larry Newsom – Motion by Harold Brantley, second by Kathy Mayfield and the Board voted unanimously to accept the agreed order whereby:

- (a) Newsom shall pay a \$500.00 fine with total amount due with the signed agreed order.
 - (b) Newsom shall complete a 15 hour National Uniform Standards of Professional Appraisal Practice course with successful completion of exam. Said 15 hours of education shall be in addition to the regular continuing education requirement of 201 KAR 30:050 Section 7. The course work required herein shall be completed by June 30, 2011.
 - (c) Newsom agrees to submit a log every six months for a period of 2 years from the date of the agreed order and the Board may review assignments from the log, if requested to do so.
- (3) Case No. 10-08 – Margaret L. Burrell – Motion by Kathy Mayfield, second by Herbert Pritchett and the Board voted unanimously to accept the agreed order, whereby:
- (a) Burrell shall be fined the sum of \$350.00 with total amount due with the signed agreed order
 - (b) Burrell shall complete a 3 hour ANSI-Z765 2003 Calculating and Report the Measurements of 1-Unit Residential Buildings course. Said 3 hours of education shall be in addition to the regular continuing education requirement of 201 KAR 30:050 Section 7. The course work required herein shall be completed by the December 31, 2010.
 - (c) Although Ms. Burrell failed to provide a summary description of the analysis for the previous subject property sales within the previous 3 years versus the value opinion current on the assignment effective date, a violation of a USPAP Standards Rule 2-2(b)(viii), Ms. Burrell completed the 7 hour National USPAP Update course with the past 6 months and did demonstrate knowledge of the requirement; therefore recognition of the course completion on December 9, 2009 shall be considered acceptable action for this noted deficiency.
 - (d) Burrell shall submit to the Board staff a log every 6 months for a period of 2 years from the date of the agreed order and the Board absolute must review assignments from the log for a period of two years from the date of the agreed order.
 - (e) Burrell agrees that the Board shall not renew her certification for the 2011 renewal cycle July 1, 2011 until he has completed the requirements of the terms set out in paragraph (a) and (b) of this order.

MISCELLANEOUS

The Board reviewed:

- (1) October 2010 Budget
- (2) Holiday for State Personnel 2011
- (3) Regulation Changes – Housekeeping – The Board agreed to table the housekeeping changes until the next legislative session.
- (4) Exposure Draft Comments
- (5) ASC Review – January 26-28, 2011
- (6) Open Records Request
- (7) November 2010 Budget
- (8) Additional Board Seminars
 - (1) April 15, 2011 – Florence, KY – Northern KY Association of Realtors
 - (2) April 19, 2011 – Supervisor/Associate Class – Lexington, KY
- (9) Courier-Journal Article
- (10) Email from employee of Bank of Harlan
- (11) ASC Fee Increase
- (12) Conflict of Interest Disclosure Statement – Ethics Branch State of KY
- (13) Open meeting – Teleconferencing of Meetings – The Board discussed the possibility of doing meetings video conferencing. The Board agreed that teleconferencing would be a possibility with increment weather.
- (14) Larry Disney advised the Board that there is now and will continue to be an increased volume of complaints against appraisers, primarily because of the language within the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Many of the complaints are filed because of value disputes, but the KREAB Investigators find other problems that are obvious USPAP deficiencies. Although many of the deficiencies are minor, per ASC Policy Statement 10, Section “E,” the staff and investigators must report “all” violations. Therefore, when USPAP violations are discovered and reported and proven factually correct, the responding appraisers are sanctioned either through an Agreed Order or Board hearing.

Recently, AMC companies have contacted the Board and informed staff that if an appraiser has ever been sanctioned by the Board, regardless of the level of violation or sanction, the appraiser is immediately removed from the AMC approved appraiser status.

The KREAB expressed concern about the above action being taken against appraisers by the AMC groups. The Board opined that it is not reasonable to remove appraisers from an approved list for a minor USPAP violation that does not materially impact the value opinion or render the assignment results misleading or void of credibility.

Larry Disney suggested that the Board consider sanctions by remedial and correction action that with the agreement of the responding appraiser shall not be

reported as a complaint violation, provided the act does not rise to the level of a USPAP deficiency that results in a material defect of the opinion of value or that results in a revocation or suspension.

The Board also advised staff to work with the Kentucky Bankers Association and others in developing a uniform complaint form that can be used for filing grievances and complaints with the KREAB by anyone or any group that might have cause to do so.

Add the following to discussion for recommendation to dismiss 10-23

The responding appraiser completed the assignment for a Kentucky Property Valuation Administrator to use in a tax appeal matter. The complainant completed an assignment for the property owner in the same appeal matter.

The KREAB investigator reported no USPAP deficiencies; therefore, the staff recommended dismissal and the Board concurred by unanimous vote.

Larry Disney informed the Board that legislators and at least one lobbyist recommend holding the amendments proposed by Herb Pritchett for the regular session of the legislature for fear that the proposal might stall the AMC legislation during the Short Session. Mr. Pritchett agreed that it would be wise to hold the amendments until the regular session.

The amendment proposed would increase the appraiser fees from \$200 to an amount not to exceed \$400, and the fine from current \$2,000 to an amount not to exceed \$10,000 per case.

The Board was advised by the staff that failure to receive an increase in fee during the next two years would seriously jeopardize the Board solvency. Currently, the Board expenses are showing approximately \$40,000 more than the income. Therefore, the amendment for fee increases will be essential for presentation and discussion during the next regular session of the legislature.

Herb Pritchett reported that his presentation to the Bluegrass Chapter of the Appraisal Institute on December 3, 2010 resulted in push back from some of the appraiser members of that group. Therefore, it will be essential that the Board and staff continually make it known why the increase in fees and revenue are essential for the Board to continue operating.

Dorsey Hall asked that the Board and staff make it known that if the Board should ever become insolvent, the licensed and certified appraisers within the state of Kentucky would not be permitted to appraise properties for FRT loans and real estate related loan transactions. Also, appraisers could not be brought in from

other states to perform the services because they would have no effective Kentucky enforcement.

Recognizing the need to increase revenue, the Board approved a fourth location for the 2011 Board seminars in Northern Kentucky on April 15, 2011. It is anticipated this added session will attract approximately 50 to 60 attendees. Failure to have at least that number of attendees will result in the location not being considered for future seminars.

Also, the Board agreed that during 2011 seminars would also be developed by and offered by the Board for a fee. The seminars will focus on the most frequent deficiencies of appraisal reports found during complaint investigations, and how to defend against USPAP deficiencies. The instructors shall be Board member Herb Pritchett and Larry Disney.

It was announced that the Kentucky AMC legislation has been drafted and a sponsor will be given the draft during the first week of January 2011 when the legislature arrives in Frankfort for the Short Session.

Larry Disney reported that the failure to pass AMC legislation in March 2010 has created a great deal of confusion, abuse of Kentucky appraisers, consternation for the users of appraiser services, and problems for the Kentucky consumers. Therefore, it is essential that the legislation be passed in the Short Session, and hopefully it will become law on or before July 1, 2011.

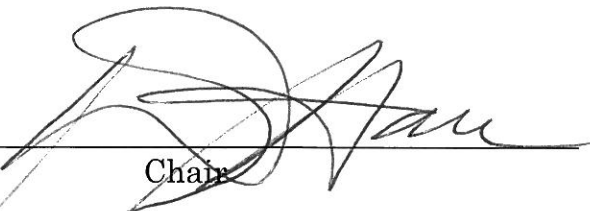
NEW BUSINESS

The Board was notified that the January Board meeting will be Thursday, January 13, 2011 at 1:00 p.m. and will be held at the Holiday Inn University Plaza, Bowling Green, KY.

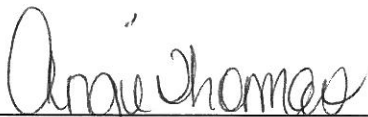
The Board was notified that a second January Board meeting will be held on January 28, 2011 at 9:00 at the Board office. This was scheduled in conjunction with the ASC review.

The Board was notified that the February Board meeting will be Thursday, February 10, 2011 at 1:00 p.m. and will be held at the Holiday Inn Hurstbourne, Louisville, KY.

Motion by Sam Blackburn, second by Harold Brantley and the Board voted unanimously to adjourn the meeting.



Chair



Staff Assistant